

Washington Horse Racing Commission  
Meeting Minutes  
November 19, 2010

The meeting convened at 9:30 A.M. at the Auburn City Council Chambers, Auburn, Washington. Present were: Paul George, Chairman; Jeff Colliton, Commissioner; Dr. Bud Hallowell, DVM, Commissioner; Kate Reynolds, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary. Hartly Kruger, Commissioner excused.

Item #1. Approval of the meeting minutes of October 14, 2010.

Commissioner Colliton moved to approve the minutes with changes on page three. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #2. Commissioner's report.

Chairman George said he attended the funeral for a long time member of the industry, Lloyd Schellhammer who founded United Tote Systems. Chairman George said he'd also spoken with Dr. Sid Gustafson, who has been appointed as state veterinarian to work with Dr. Sally Calkins.

Commissioner Hallowell commented on attending Portland Meadows races recently and was amazed at the lack of attendance to their live racing program.

Commissioner Colliton had nothing to report.

Item #3. Selection of a new chair of the Commission.

Commissioner Colliton opened nominations and stated he agreed with Commissioner Hartly Kruger's sentiment that the chairmanship should be changed every two years, but believed that Commissioner George should remain as chairman at this time, and moved to nominate Paul George. Commissioner Hallowell seconded the nomination. Unanimously approved.

Item #4. Industry Reports:

a. Emerald Downs.

Ron Crockett, President, Northwest Racing Associates LP, Emerald Downs gave the report and said the simulcasting handle continues to be down about fourteen percent.

b. WHBPA.

Ron Maus, president gave the report for the HBPA. He said the office is in the process of moving from their offices to new offices at the Breeder's pavilion. Mr. Maus said he and Mr. Crockett had hopefully made a successful campaign to have California take the Emerald Downs' signal on more occasions than last year.

c. WTBOA.

Anne Sweet, Editor, gave the report for the Breeders. She said the WTBOA and the WHBPA will be under one roof beginning December 1 and was looking forward to working together with them. They've been working on the Northwest Race series. Ms. Sweet said their Awards Banquet is scheduled for February 19 and everyone was invited.

Item #5. Budget projections – 2011 and the Class C race meets.

Robert Lopez provided spreadsheets regarding the WHRC fund balance budget projections for fiscal year 2011 through fiscal year 2013 broken out down by allowing sixteen days of racing for the Class C meets; by allowing ten days; by allowing six days; and with zero days of racing. No matter how many days of racing, the WHRC fund balance will be negative by 2013. If this happens, the racing in Washington State will be suspended not only at the Class C race meets but also Emerald Downs by law they cannot race without state regulation.

Mr. Lopez said no decision was needed at this time. This information was informational to give the Class C race meets to possibly assist in making decisions.

Cliff Schellinger, president, Tri City Horse Racing Association (Sun Downs) was present along with racing secretary Shorty Martin. Both expressed their concern with the financial situation.

Commissioner Hallowell suggested that horse racing could be conducted without parimutuel wagering then there would be no need for WHRC regulation.

Commissioner Colliton said that this information was being presented because he felt it could not wait until January or February, the Class C meets needed to make some hard decisions.

Mr. Schellinger asked what the costs were on a daily basis for the WHRC to regulate.

Commissioner Colliton asked staff to send WHRC daily cost information to the Commissioners and Class C stakeholders to allow them to make decisions for 2011. Commissioner Colliton said the Commission must also make some hard decisions on staffing and regulation. The Commissioners will go over this information and send staff suggestions for 2011 spending.

Item #6. End of 15-year period referred to in RCW 67.16.102(4) and 67.16.175(3).

Mr. Lopez said staff had consulted with the Attorney General's office to assist in researching the exact date to revert the fifty percent of the Owner's Bonus and the twenty-five percent of the Breeder Awards that has been allocated to Emerald Downs to assist with capital construction of the new race facility for the last fifteen years, revert one-hundred percent to the owners and breeders. Mr. Lopez, after taking into consideration three options, staff recommends Option One, June 19, 2011 the first live race day of the first live meet at Emerald Downs.

Commissioner Hallowell moved to accept Option one, June 19, 2011. Commissioner Colliton seconded the motion. Unanimously approved.

Item #7. Rules of racing:

a. Syndicate licenses.

Doug Moore, Deputy Secretary advised the Commission of his intention to withdraw the rule filing on syndicate licenses. After extensive discussions regarding this proposed rule, it was discovered that the potential costs to the licensing program outweigh the minimal benefits of creating this type of license.

b. Executive Order 10-06 – Suspending Non-Critical Rule Development and Adoptions.

Mr. Lopez said Governor Gregoire had signed executive order 10-06 suspending non-critical rule development and adoption, but an exception to the moratorium was that the Commission can develop rules that are beneficial to or are requested or supported by the regulated entities, local governments or small businesses that it affects.

Mr. Lopez said Mr. Moore had been in contact with Ron Maus and Mr. Maus said the WHBPA supported six rule amendments that are in process: 1) Amendments to the penalty matrix; 2) Entries and scratches regarding conditional entries; 3) Vets List; 4) Racing Official clarification; 5) Age requirement for jockeys; 6) Human testing – using swabs and/or urine.

Item #8. Executive Secretary's Report:

a. Wagering recap.

Mr. Lopez said the wagering continues to be down, as Mr. Crockett indicated in his report, approximately 14% overall.

b. Monthly Financial Statements.

Mr. Lopez explained the revenues, expenditures and fund balance.

c. 2011 Industrial Insurance Rates (Horse Industry Account).

Mr. Lopez provided the L&I premium rates for the Horse Industry Account minus the exercise rider (major and minor) premiums for 2011. Mr. Lopez said the exercise rider major and minor rate was incorrectly calculated. Mr. Lopez said he was waiting for those figures and should have them soon.

d. TwinSpires & Youbet.com.

Mr. Lopez said Mr. Brad Blackwell of TwinSpires informed him that the reporting for Youbet.com would be rolled into TwinSpires reporting and a separate reporting of Youbet.com wagers will no longer be reported.

Item #9. Any other business that may be properly brought before the Commission.

Hearing none. Meeting adjourned at 11:45 A.M.

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Robert J. Lopez, Executive Secretary